

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 PM-05 CIAE-00 INR-10 NSAE-00 L-03  
OC-06 CCO-00 NTIE-00 FCC-01 COME-00 EB-08 /046 W  
-----055065 112022Z /12

P R 111918Z AUG 78  
FM AMEMBASSY BONN  
TO SECDEF WASHDC PRIORITY  
SECSTATE WASHDC PRIORITY 1055  
INFO OSD WASHDC  
USMISSION USNATO  
USNMR SHAPE  
CINC USAFE RAMSTEIN  
CINC USNAVEUR LONDON  
JCS WASHDC  
DA WASHDC  
USCINCEUR VAIHINGEN GE  
CINC USAREUR HEIDELBERG  
CDR 5TH SIG COMD WORMS  
USA PROCUREMENT OFFICE FRANKFURT  
USACC FT HUACHUCA AZ

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DAMO-TCS FOR DA WASHDC

CCAE FOR USACC FT HUACHUCA

SECDEF FOR DINNEEN

SECARMY FOR MULLALLY

ARMY R AND D FOR DR PIERRE

OSD FOR AMB. KOMER

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DESOPS FOR MGMTYER

EUCOM FOR ECLA

USAREUR FOR GEN. BLANCHARD

USCINCEUR VAIHINGEN FOR ECLA/J-6

5TH SIG FOR BG RACKE

FRANKFURT FOR MR. BENNETT

E. O. 11652: N/A

TAGS: ETEL, MARR, GW

SUBJECT: EUROPEAN TELEPHONE SYSTEM (ETS): BPM PROPOSAL

REF: BONN 13869 (DTG 281754Z JUL 78)

1. IN AUGUST 11 LETTER TO EMBASSY, FRG POSTAL  
MINISTRY PROVIDED COST BREAKDOWN OF FIGURES, WHICH US  
REQUESTED DURING JULY 26-27 MEETING. THE LETTER AND  
THE ATTACHED DATA CHART FOLLOWS:

SUBJ.: EUROPEAN TELEPHONE SYSTEM OF THE US ARMY (ETS)

DEAR MR. GALLAGHER,

AS AGREED IN OUR DISCUSSION ON JULY 26 AND 27, 1978  
I AM SENDING YOU A STATEMENT WHICH BREAKS DOWN THE  
PRICE GIVEN BY THE DEUTSCHE BUNDESPOST FOR THE ETS  
AND COMPARES IT WITH THE US QUOTATIONS. PLEASE FORWARD  
THE ATTACHED DUPLICATE OF THE DOCUMENTS TO LTC  
MULLALLY.

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THE SUBSEQUENT EXPERT DISCUSSIONS LEAD TO A FAR-  
REACHING AGREEMENT ON THE TECHNICAL CONTENT OF BOTH  
QUOTATIONS. AFTER REMOVING THE 3 ITALIAN EOS FROM  
THE DEUTSCHE BUNDESPOST'S VALUES, THE NUMBER OF LINES  
AND PARTICIPANTS REVEAL ONLY MINOR DEVIATIONS. THUS,  
THE TOTAL PRICE GIVEN BY THE DEUTSCHE BUNDESPOST IS  
REDUCED BY APPROX. DM 4 MILLION, FROM APPROX. DM 220  
MILLION TO APPROX. DM 216 MILLION.

THE ATTACHED DOCUMENTS PROVIDE THE FOLLOWING EXPLANA-  
TIONS:

IN COMPLIANCE WITH YOUR WISH, I HAVE BROKEN OUT THE  
TOTAL AMOUNT OF APPROX. DM 216 MILLION AS MUCH AS  
POSSIBLE. THIS DELINEATION, HOWEVER, IS LIMITED.  
IN THE FEDERAL REPUBLIC OF GERMANY, ONLY COMPLETE  
INSTALLATIONS ARE SOLD; THESE INSTALLATIONS CONTAIN  
CERTAIN FUNCTIONS (CHARACTERISTICS) WHICH ARE  
GENERALLY CONNECTED AND THUS CANNOT BE BROKEN OUT IN  
PRICE. ON THE GERMAN MARKET, THE CONDITIONS CONNECTED  
WITH THE CONSTRUCTION OF COMPLETE INSTALLATIONS, E.G.,

APPROVAL PROCEDURES, PROJECT IMPLEMENTATION AND  
MONITORING, SITE INSPECTIONS, ETC. (SEE ITEMS 3 - 7  
OF MY TABLE) ARE INSEPARABLE PARTS OF THE PRICE FOR  
THE ENTIRE INSTALLATION.

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ACTION EUR-12

INFO OCT-01 ISO-00 PM-05 CIAE-00 INR-10 NSAE-00 L-03  
OC-06 CCO-00 NTIE-00 FCC-01 COME-00 EB-08 /046 W  
-----055118 112022Z /12

P R 111918Z AUG 78  
FM AMEMBASSY BONN  
TO SECDEF WASHDC PRIORITY  
SECSTATE WASHDC PRIORITY 1056  
INFO OSD WASHDC  
USMISSION USNATO  
USNMR SHAPE  
CINC USAFE RAMSTEIN  
CINC USNAVEUR LONDON  
JCS WASHDC  
DA WASHDC  
USCINCEUR VAIHINGEN GE  
CINC USAREUR HEIDELBERG  
CDR 5TH SIG COMD WORMS  
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SINCE THE INSTALLATIONS OFFERED FOR ETS DO NOT DIFFER  
IN THIS RESPECT FROM OTHER INSTALLATIONS NORMALLY  
OFFERED ON THE GERMAN MARKET, THE PRICES CAN ONLY BE  
BROKEN DOWN IN THE WAY SHOWN IN THE ATTACHED TABLE.

IN ORDER TO ARRIVE AT COMPARABLE VALUES AND A BETTER  
COMPARISON OF BOTH PRICE SUMMARIES, I ALTERED THE US  
DATA TO CORRESPOND TO OUR APPROACH BY TAKING INTO

ACCOUNT THE EXPENSES WHICH WOULD ARISE IF US  
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INDUSTRY SUPPLIED THE SYSTEM. IN ADDITION, ENCLOSURE  
2 CONTAINS EXPLANATIONS. THE RESULT IS, THAT FOR  
HARDWARE, THE FOLLOWING APPROXIMATE COMPARABLE  
VALUES APPEAR VALID:

APPROX. DM 127 MILLION, US VERSION (US ARMY SUMMARY  
OF JULY 26, 1978, CHANGED AND SUPPLEMENTED ACCORDING  
TO THE EMPIRICAL VALUES OF THE GERMAN TELECOMMUNICA-  
TIONS INDUSTRY)

DM 158.5 MILLION DEUTSCHE BUNDESPOST PROPOSAL.

A TOTAL COMPARATIVE EXAMINATION OF ALL SUPPLIES AND  
SERVICES PROVIDES FOLLOWING VALUES:

APPROX. DM 189 MILLION, US VERSION (US ARMY SUMMARY  
OF JULY 26, 1978, CHANGES AND SUPPLEMENTED ACCORDING  
TO THE EMPIRICAL VALUES OF THE GERMAN TELECOMMUNICATIONS  
INDUSTRY)

DM 216 MILLION DEUTSCHE BUNDESPOST PROPOSAL.

I THINK THAT THESE FIGURES ALLOW A REAL COMPARISON.

THE ABOVE MENTIONED DATA SHOULD ALLOW A DECISION FOR  
THE CONSTRUCTION OF THE ETS BY THE DEUTSCHE BUNDESPOST  
IN COOPERATION WITH THE GERMAN TELECOMMUNICATIONS  
INDUSTRY AND SHOULD ENABLE THE US CONGRESS TO MAKE  
THE DECISION FOR PLACING THE ETS ORDER WITH THE  
DEUTSCH BUNDESPOST. AFTER YOU HAVE EXAMINED THE DATA,  
I WOULD APPRECIATE IT IF YOU WOULD PROPOSE A DATE FOR  
THE NEXT MEETING. AS A PRELIMINARY MEASURE I HAVE  
KEPT THE WEEK OF AUGUST 21-25 MORE OR LESS FREE.  
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YOURS SINCERELY,

SIGNED: ADELMANN

ENC. 1. 8-10-78

PRICES ACCORDING TO US ARMY

PAPER OF 7/26/78

\$-MILL DM DM TOTAL

-HARDWARE ISC/JSC 1. 4,468.0 9,382.8  
ACCORDING EO 2. 23,843.0 50,070.3 59,453.1  
TO US  
PAPER

1. FIRST ARTICLE TEST

2. TRAINING

3. PROJECT IMPLEMEN-  
TATION

4. ADJUSTMENTS TO

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ACTION EUR-12

INFO OCT-01 ISO-00 PM-05 CIAE-00 INR-10 NSAE-00 L-03  
OC-06 CCO-00 NTIE-00 FCC-01 COME-00 EB-08 /046 W  
-----055551 112023Z /12

P R 111918Z AUG 78  
FM AMEMBASSY BONN  
TO SECDEF WASHDC PRIORITY  
SECSTATE WASHDC PRIORITY 1057  
INFO OSD WASHDC  
USMISSION USNATO  
USNMR SHAPE  
CINC USAFE RAMSTEIN  
CINC USNAVEUR LONDON  
JCS WASHDC  
DA WASHDC  
USCINCEUR VAIHINGEN GE  
CINC USAREUR HEIDELBERG  
CDR 5TH SIG COMD WORMS  
USA PROCUREMENT OFFICE FRANKFURT  
USACC FT HUAVCA AZ

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GERMAN STANDARDS

5. INSPECTION OF  
THE BUILDING SITES

6. PRICE INCREASE FOR  
THE INSTALLATION BY  
TYPES

7. DOUBLING OF THE  
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CONTROL DEVICES

8. PRIMARY POWER SUPPLY  
INCL. COMPENSATING  
CHARGES AND BATTERIES

9. CUT OVER EQUIPMENT

HARDWARD PRICES APPROX.  
COMPARABLE

10. TESTING INSTRUMENTS

ISC/JSC 1. 670.2 L,407.4  
2. 3,576.5 7,510.7 8,918.1

11. FREIGHT AND PACKING 1. 625.6 1,313.8  
2. 3,338.0 7,009.8 8,323.6

12. DOCUMENTATION 1. 223.4 469.1  
2. 1,192.2 2,503.6 2,972.7

13. ASSEMBLY AND

PLANNING 1. 536.2 1,126.0  
2. 2,861.2 6,008.5 7,134.5

- CUT OVER 1. 357.4 750.5  
2. 1,907.4 4,005.5 4,756.0

91,558.0

COMPLETION OF PRICE  
US PRICES DEUTSCHE  
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INCLUDING BUNDES-  
ADAPTATIONS POST  
TO GERMAN  
STANDARDS

DM

-HARDWARE ISC/JSC 1.

ACCORDING EO 2. 59,453.1 THERE IS NO  
COMPARA-  
TIVE VALUE

1. FIRST ARTICLE TEST 4,000 INCL. WITH  
4,000

2. TRAINING 4,000 INCL. WITH  
4,000

3. PROJECT IMPLEMEN- 9,000 INCL.  
TATION

4. ADJUSTMENTS TO 5,000 INCL.  
GERMAN STANDARDS

5. INSPECTION OF THE 3,000 INCL.  
BUILDING SITES

6. PRICE INCREASE FOR 15,000 INCL.  
THE INSTALLATION BY  
TYPES

7. DOUBLING OF THE 11,500 INCL.  
CONTROL DEVICES

8. PRIMARY POWER SUPPLY 11,200 INCL. WITH  
INCL. COMPENSATING 11,200  
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CHARGES AND BATTERIES

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ACTION EUR-12

INFO OCT-01 ISO-00 PM-05 CIAE-00 INR-10 NSAE-00 L-03

OC-06 CCO-00 NTIE-00 FCC-01 COME-00 EB-08 /046 W

-----055512 112020Z /12

P R 111918Z AUG 78

FM AMEMBASSY BONN

TO SECDEF WASHDC PRIORITY

SECSTATE WASHDC PRIORITY 1058

INFO OSD WASHDC

USMISSION USNATO

USNMR SHAPE

CINC USAFE RAMSTEIN

CINC USNAVEUR LONDON

JCS WASHDC

DA WASHDC

USCINCEUR VAIHINGEN GE

CINC USAREUR HEIDELBERG

CDR 5TH SIG COMD WORMS

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9. CUT OVER EQUIPMENT 5,000 INCL. WITH  
5,000

HARDWARE PRICES APPROX. 127,153.1 158,500  
COMPARABLE

10. TESTING INSTRUMENTS

ISC/JSC 1.

2. 8,918.1 7,400

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11. FREIGHT AND PACKING 1.

2. 8,323.6 5,400



12. DOCUMENTATION 1.

2. 5,500.0 5,500

13. ASSEMBLY AND  
PLANNING 1.

2. 19,600 19,600

- CUT OVER 1.

2. 19,600 19,600

189,094.8 216,000

2. ADELMANN EXPLAINED TO EMBOFF THAT BPM WORKED BACK FROM DM 2L6 MILLION FIGURE TO DM 158.5 MILLION FIGURE BY DEDUCTING ITEMS 10-13 IN CHART. HE SAID THE BPM DID IT THIS WAY BECAUSE, AS HE EXPLAINED IN THE LETTER, THE FRG PRICING SYSTEM DID NOT ALLOW HIM TO BREAK OUT THE HARDWARE COSTS IN THE SAME MANNER AS THE U.S. SYSTEM.

3. ACCOMPANYING THE CHART WAS A FOUR PAGE EXPLANATION IN GERMAN OF EACH ITEM. EMBASSY IS NOW TRANS-LATING THESE AND WILL CABLE THEM ASAP, BUT NOT LATER THAN COB, AUGUST 15.

4. ACTION REQUESTED: PLEASE ADVISE WHETHER DATES WITHIN AUGUST 21-25 TIME FRAME PROPOSED BY ADELMANN ARE ACCEPTABLE FOR NEXT US-FRG MEETING.  
MEEHAN  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TELEPHONE SYSTEMS, TELEPHONES, MEETINGS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 11 aug 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978BONN14709  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780329-0418  
**Format:** TEL  
**From:** BONN  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t19780871/aaaacgut.tel  
**Line Count:** 476  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 75c78264-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 9  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 BONN 13869  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 27 jun 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 1759891  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** EUROPEAN TELEPHONE SYSTEM (ETS): BPM PROPOSAL  
**TAGS:** ETEL, MARR, GE, US  
**To:** DOD STATE  
**Type:** TE  
**vdkgvwkey:** odb://SAS/SAS.dbo.SAS\_Docs/75c78264-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014